

Value Relationships of Creative Industries in the Economy of the Region

JANKA BERESECKÁ, VIERA PETRÁŠOVÁ
Department of Regional and Rural Development
Faculty of European Studies and Regional Development
Slovak University of Agriculture in Nitra
Trieda A. Hlinku 2, 949 76 Nitra
Slovak Republic
janka.beresecka@uniag.sk, viera.petrasova@uniag.sk

Abstract

Changes in regional policy are based on the use of intensive economic instruments in the new EU programming period 2014 - 2020. Creativity means new innovations to products and also services. At the local and regional level, creative activities and related creative industries may form important linkages. These are manifested at the level of primary and secondary activities that can create together not only value relationships, but also multiplier effect related to regional development. The paper analyses the conditions of value relationships creation in creative activities. These form added value for regional economy on the basis of direct and indirect support of policy actors. The added value may become a source of competitiveness in the region.

Key words: Creative industry, local policy, regional policy

JEL Classification: R 11

1 Introduction

First, the relationships between creativity, culture and innovations need to be explained as they form value relationships and affect regional development nowadays. The current period of human society development is labelled as the age of creativity – the USA and Europe go through vast economic and social transformation from industrial economy to creative economy. Success and development, and also survival of modern businesses depend on creativity and innovations. There have been different approaches to study and research of creativity (psychodynamic, biographic, psychometric, cognitive, biological, sociocultural, integrated), and the same disagreement appears when scientists of various backgrounds try to place creativity in people, products or processes (Franková,2011).

The term *creativity* is derived from Latin *creatio* which means creation. However, scientific literature differentiates certain nuances within the term (expressed in Slovak language in the words ‘*kreativita*’ and ‘*tvorivosť*’). One shade of the term (Slovak: ‘*kreativita*’) means the ability of people to form any new, original ideas, unknown to their author before. The other nuance (Slovak: ‘*tvorivosť*’) had long been perceived as elite activity of the talented „chosen of fate“, dealing with arts, science and inventions. Today, it is known that each individual is creative in his/her natural way. Creativity is not predestined only for some; each human being is given certain level of creativity, which can be developed considerably.

The results of the research on creativity, started in 1940s by the American psychologist Joy Paul Guilford (1967, 1975; Zelina, 1990b; Žák, 2004) and inspiring for many other scientists (e.g. Walton, 2003; Puccio, Murdock and Mance, 2007, etc.), show that the scientists concerned with creativity found equivalence between the terms creativity, originality and usefulness. The equivalence is present at several defining features (Table 1): originality and certain form of utility, described as usefulness, appropriateness, or social value (Mayer, 2008; Cropley, 1999; van Woerkum, Aarts and de Grip, 2007; Klijn and Tomic, 2010, etc; In: Frankova, 2011).

Tab. 1 Examples of *creativity* terminology used by authors concerned with creativity, publishing in English

Author	Originality	Usefulness
Boden	<i>novel</i>	<i>valuable</i>
Feist	<i>novel</i>	<i>adaptive</i>
Gruber a Wallace	<i>novelty</i>	<i>value</i>
Lubart	<i>novel</i>	<i>appropriate</i>
Lumdsen	<i>new</i>	<i>significant</i>
Martindale	<i>original</i>	<i>appropriate</i>
Nickerson	<i>novelty</i>	<i>utility</i>

Source : Mayer, 2008, p. 450, adapted In: Kreativita a inovace v organizaci p. 31

The terms culture, cultural industry, creativity, creative industry and innovations are commonly misunderstood, confused and their substances are often wrongly perceived. Nevertheless, these terms (defined in Table 2) have strong correlations among each other.

Tab. 2 Substance of the terms and their particularities

Culture	Creativity	Innovation is linked to processes and products developing knowledge, techniques and instruments
sum of knowledge, habits and levels of artistic and scientific development within certain specific era or social group	ability to think in inventing way, i.e. to come with new ideas, combining the elements of reality (processes, objects, knowledge, etc.) in a new way	
Cultural industry	Creative industries	
includes industries which produce and distribute merchandise or services, which are considered merchandise/goods of particular quality, use or intention, representing or passing cultural expressions, regardless of their commercial value at the time of their development	includes industries which use culture as an input, and which have cultural aspect, although their outputs are functional in particular. These embrace architecture and design, which link creative elements in a broader context, as well as their subindustries, such as graphic design, fashion design and advertisement	

Source: own processing, based on the following publications: Zelená kniha-Uvoľnenie potenciálu kultúrneho a kreatívneho priemyslu KOM (2010) 183; Podpora kultúrnych a tvorivých sektorov v záujme rastu a zamestnanosti v Európskej únii COM (212) 537 final

The multidimensional character of culture and creativity makes it difficult to find one and only possible analytical approach: on one hand, creativity appears solely within cultural activities, on the other, the opinion prevails that all industrial sectors are creative in their own ways. That is why there is allowed certain level of freedom in definition of so-called “sectors of creative activities”, which could also affect the efficiency of various political measures.

The diversity of existing definitions (ranging from WIPO, OECD and UNCTAD to UNESCO and the Council of Europe) does not make it possible to work with and rely on comparable international statistics. In the document *Creative Europe*, the sectors’ of culture and creative activities are understood as “all sectors with activities based on cultural and/or artistic and creative expressions, regardless of their market orientation and the type of structure

responsible for them”. However, there is an agreement as for the fact that European cultural and creative industry play a key role with regard to growth, competitiveness and future of the European Union, and that it carries innovations, workplaces, and it is also an important local development actor and motor of industrial changes, improving the quality of life, etc. (Hogeschool voor de Kunsten Utrecht, HKU,2010).

The definitions of creative should take into account its structure, which is formed by the following parts according to experts: creative personality, creative process, creative product, creative environment. The classification of creative industries is not unified, same as the definition. Figure 1 offers another view of the creative industries classification.

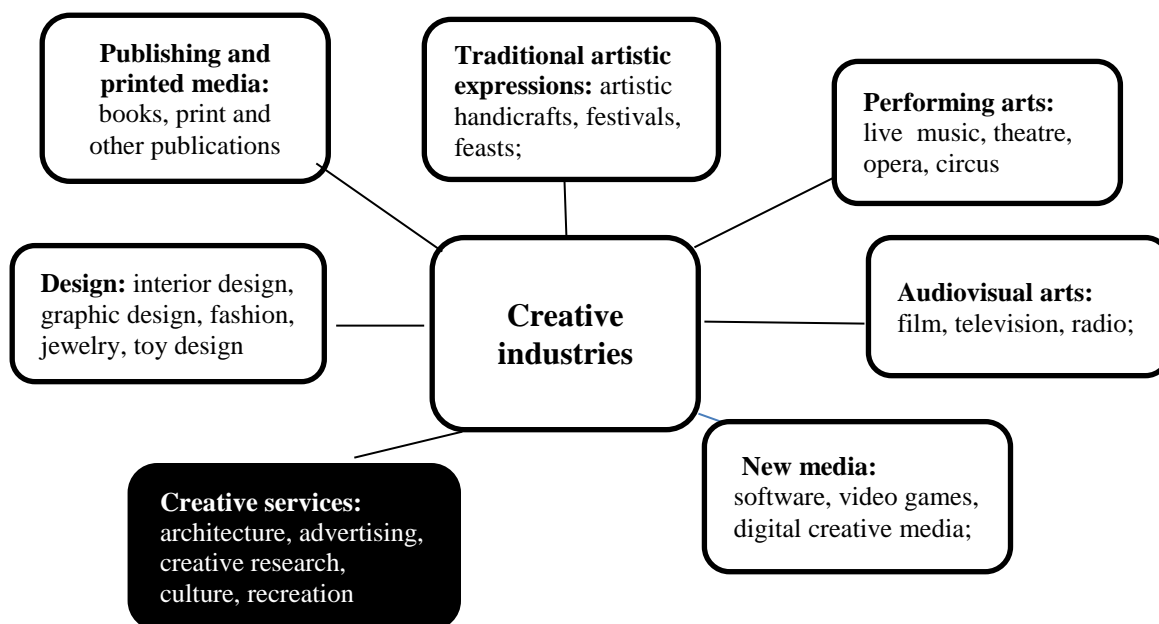


Fig. 1 Classification of creative industries

Source: Kreativna Ekonomika Master plán 2013-2015, 2013

Cultural and creative industries are strategic sources and results of activities of artists, authors, professionals, and finally also entrepreneurs. These are the individuals with traditional and innovative talents, and formal as well as informal skills, which should be protected, supported and appreciated. Currently, the research of creativity focuses on its use, while the aspects of entrepreneurship in these industries are considered, too.

2 Entrepreneurship in Cultural and Creative Industries

The document called “The entrepreneurial principles of cultural and creative industries” prepared by the Utrecht School of Arts states that “entrepreneurship in these industries means having creative ideas, realizing them commercially, with focus on profit. But profit itself is not the driving force. It is creativity and opportunity to create something, self-realization or the ability to make the creative ideas true. It is a mixture of entrepreneurial and creative aspects” (HKU, 2010).

Hagoort (2007) understands creative entrepreneurship as a process of integration of two freedoms: “the artistic freedom as a value oriented on immaterial content, and the

entrepreneurial freedom as a material value supporting immaterial (cultural) values”. Entrepreneurship in these industries is also described in Figure 2

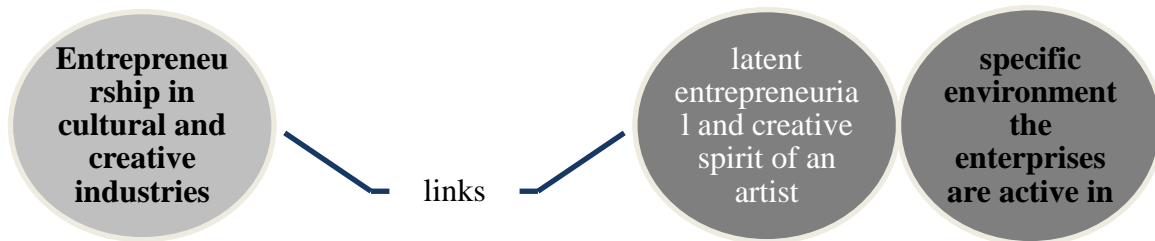


Fig. 2 Entrepreneurship in cultural and creative industries

Source: HKU, 2010; own graphic processing

The mentioned characteristics of entrepreneurship can be supplemented by the determinants of entrepreneurship in these industries, stated in Table 3.

Tab. 3 Selected determinants of entrepreneurship in cultural and creative industries

The differences between traditional entrepreneurship and entrepreneurship in cultural and creative industries	<ul style="list-style-type: none"> • entrepreneurs: <ul style="list-style-type: none"> - act in difficult market conditions - produce cultural merchandise (according to the substance) - create and innovate cultural products or services - work with people who are content-oriented rather than focused on commercial aspects - usually establish small enterprises, based on the existence of stable networks - use entrepreneurial principles to organize and manage their creative activities in commercial ways • products • work teams • market conditions • differences in distribution • different environments • need for cooperation • high share of freelancers and small enterprises • emergence of a new type of employers: entrepreneurs-individuals • learning by doing • creative products and services offer experience and take into account clients' requirements when designing services, using "the closed circuit of feedback"
Advantages	<ul style="list-style-type: none"> • the industries form the platform for innovative solutions release, which may or may not be based on technologies • they are the key parts of post-industrial economy, more and more based on demand • they outsource, work on several projects at the same time and cluster with other organizations – this way, they intend to diminish the possible lack of success due to their size
Barriers	<ul style="list-style-type: none"> • tension between creative processes and necessity to devote time to administration and operational management • no knowledge and skills necessary to manage the complexity of being an entrepreneur • lack of qualified employees • markets are volatile and unpredictable, based on intuition and emotional experiences

Source: own processing based on the dossier to the document "Podnikateľský rozmer kultúrneho a kreatívneho priemyslu", 2010

Understanding the advantages and barriers of such entrepreneurship, some EU members tend to establish their own organizations, such as e.g. the Flanders District of Creativity "FLANDERS DC" which supports entrepreneurial activities in the region, thus encouraging

creativity and innovations. There is also an organization called “Arteconomy”, linking arts and economy in various forms of cooperation. The cooperation is focused for example on long-run projects with artists, organizing workshops for artists and entrepreneurs, etc. It strives to stimulate a wide scale of people to think about the convergence between arts and economy. Another example of cooperation in cultural creative industries is given by the classification of the British Technology Strategy Board. It classifies clusters according to the providers of services, content, experience and originals (HKU,2010).

The enterprises providing creative services such as design, architecture, media, advertising etc are based on the exchange of income for their time and intellectual property, devoted to other businesses and institutions. Creative activities are enrooted in the environment full of administrative, organizational or productive activities, forming unsubstitutable parts of the sector’s structure. The creative services providers are usually self-financed and formed by micro- and small enterprises (CCMI/107, 2013).

3 Architecture as a Creative Industry in the Nitra Region

Architecture is more than an art or representation of cultural heritage – it makes up a key part of our lives, forming our environment and providing services characteristic with direct interaction with our day-to-day lives. In Europe, the third highest share of cultural creative industries employers works in architecture. It is stated, that as much as 62% of these enterprises in Europe employ 1-3 employees, while 23% of them employ 4-9 employees.

In this part of the paper, localization of the creative industry Architecture in the Nitra region, amount of these enterprises and their legal forms are analysed. The statistical classification SK NACE Rev. 2 was used to identify the amount of these creative enterprises. The creative industry Garden architecture belongs to the section M – Expert, scientific and technical skills, subsection 71.11.0 Architectural activities, and to the section N – administrative and supportive services, subsection 81.30.0 – Activities related to landscape engineering. However, the section N contains a large number of enterprises dealing with landscape maintenance and adaptations only, with no real creative activities.

According to the Statistical Office of the Slovak Republic, there have been 349 enterprises belonging to the industry in the Nitra region in 2013 (Figure 3). There have been as much as 201 subjects in the section M, and 148 in the section N. The majority of the enterprises has been located in the Nitra district, that is why the sample for a deeper insight into the creation of values in the industry has been focused on that very area.

Out of the twenty interviewed enterprises (whose localization is shown in Figure 4), two actors have been selected applying a narrow stratified sample, the ones with the most expressive understanding and application of creativity in their activities, perception of value creation and competitive advantages. There have also been performed more extensive qualitative research with their representatives, using conversation analysis.

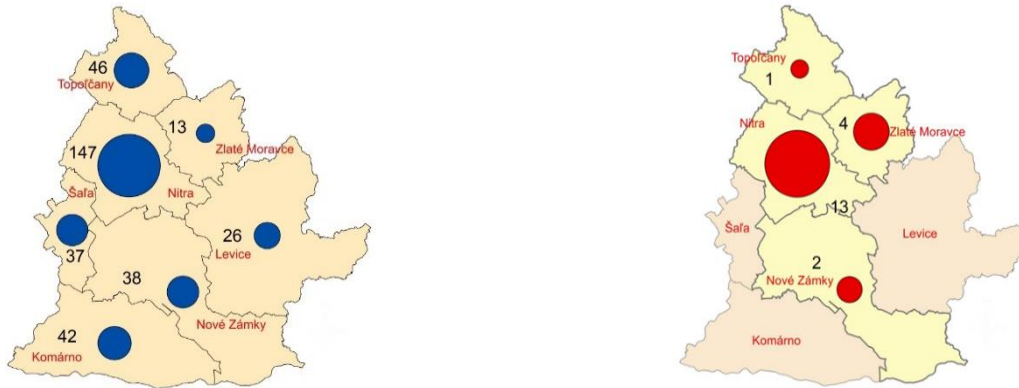


Fig. 3 Number of creative enterprises belonging to the sector of garden architecture in the districts of the Nitra region

Source: own processing

Fig. 4 Number of interviewed enterprises in the districts of the Nitra region

Source: own processing

The interviewed enterprises are focused not only on garden architecture, but their production and supportive services form an environment which is favourable for creative cooperation in the field. In terms of the legal form, 70 % of the respondents belong to entrepreneurs – physical persons and persons active on the basis of Small Business Act. Limited liability companies represent 30 % of the respondents.

In terms of employees, 45.0 % of the respondents do not have any, 5.0 % have 1-5 employees, 20.0 % employ 5-20, and none more than 20 employees (more detailed information in Table 4). A significant share of the employees in the responded creative enterprises works on a part-time basis. Such cases occur among the entrepreneurs – physical persons and entrepreneurs active on the basis of Small Business Act in particular. The respondents are not interested in employees working on permanent basis due to the high level of social and health contributions. They are more willing to employ seasonal workers on fixed-term contracts. However, this phenomenon results in the lack of qualified employees.

With the exception of the Nitra district, the respondents do not represent areas with denser localization of enterprises dealing with garden architecture activities. Many of them perform activities related to services and supplying for creative garden architecture companies. Thanks to the used research methods (i.e. synthesis of theoretical information and available analyses and a questionnaire method – structured interview) it has been found out that there is a close cooperation between the companies, connected with local networking and the use of services from other sectors.

Regarding the acquired knowledge, there have occurred the following questions in the research process: Which individuals in Your company are creative? Does the level of creativity depend on the number of employees? Does it depend on the structure of employees or the subject of entrepreneurship? The unresponded questions have been tackled by the two above-mentioned enterprises, substantially differing by their structures, subjects of entrepreneurship and scopes of activities. The more detailed characteristics are provided in Table 4.

Tab. 4 Comparison of garden architecture enterprises

Indicator	Enterprise A	Enterprise B
Legal form	Limited liability company	Limited liability company
Performed activities	garden architecture, design and realization of gardens gardening services (gardening, maintenance of gardens, ornamental nursery, self-realization of gardens, decorations and flower arrangements, etc)	consulting, advisory, preparation of various studies and projects, focused on landscape, architecture, town planning and agriculture
Financing	self-financing, credit	self-financing
Number of employees	12 including owners + seasonal workers	3 including owners
Structure of employees	architects, shop assistants, employees with varied qualification for activities (masonry, gardening, plumbing, etc)	internal employees: a visionary, a manager, a technician external employees: a project manager, a consultant, an adviser
Creative employees	architects	all employees
Indicators of employees' creativity perceived by owners	number of clients, number of satisfied clients translated into revenues	awards and reputation translated into economic results
Market coverage-levels	national 5 %, regional 70 %, local 25 %	international, national, regional and also local
Cooperation with other enterprises in the sector	Trade with and installation of irrigation systems, growing and trade with woody plants, artistic elements in gardens – ceramics, artistic smithery, etc	businessmen belong to various professions, public administration bodies
Awards	part of their work is shown in the TV series "Búrlivé víno "	Architecture award (CEZAAR), ZUUPS Award, 2 x participation in the international ECTP contest in Brussels, 2 x nomination for the mentioned awards
Perception of their competitive advantages	skills acquired in multiple ways: repeated visits of their own products after certain time, self-education, implementation of marketing into different stages of product/services development; organization of events aimed at their reputation, various ways of communication	insight into new trends, professional skills learnt through the whole time of being at the market; top advantage: age diversification of employees, cooperation with many professions

Source: own processing based on the primary research results

The results show that in the Enterprise A there are creative employees dealing with project management and arrangement activities. The owners think that their employees may intervene into product creation process only if they make a proposal, which is later discussed among all employees and its possible application is decided about. They also believe that *"technologies are given, the successful ones, most of them is on paper now"*.

The Enterprise B is quite different in the selected and compared attributes. Its representative states that in their activities *"creative ideas, opinion come from internal environment, from our employees, close ones, because our company is based on creativity."* The sources of creative ideas are found also in external environment, in information about new trends, methodologies,

philosophy. The new ideas, approaches, processes or philosophy are later followed, studied and verified in projects, with emphasis put on the link between science and practice. Innovativeness is one of the main goals. They look for their own procedures, approaches and methods for interesting and inspiring ideas, sometimes also with the help of academic world, thus realizing innovative products. New ideas are hard to apply in practice, that is why they have to persuade investors about the necessity of such innovative projects.

Due to the acquired knowledge, it has been necessary for the future research to find out what values and ties are being established by creative employees in the industry. The research results provided conclusions depicted in Figure 5

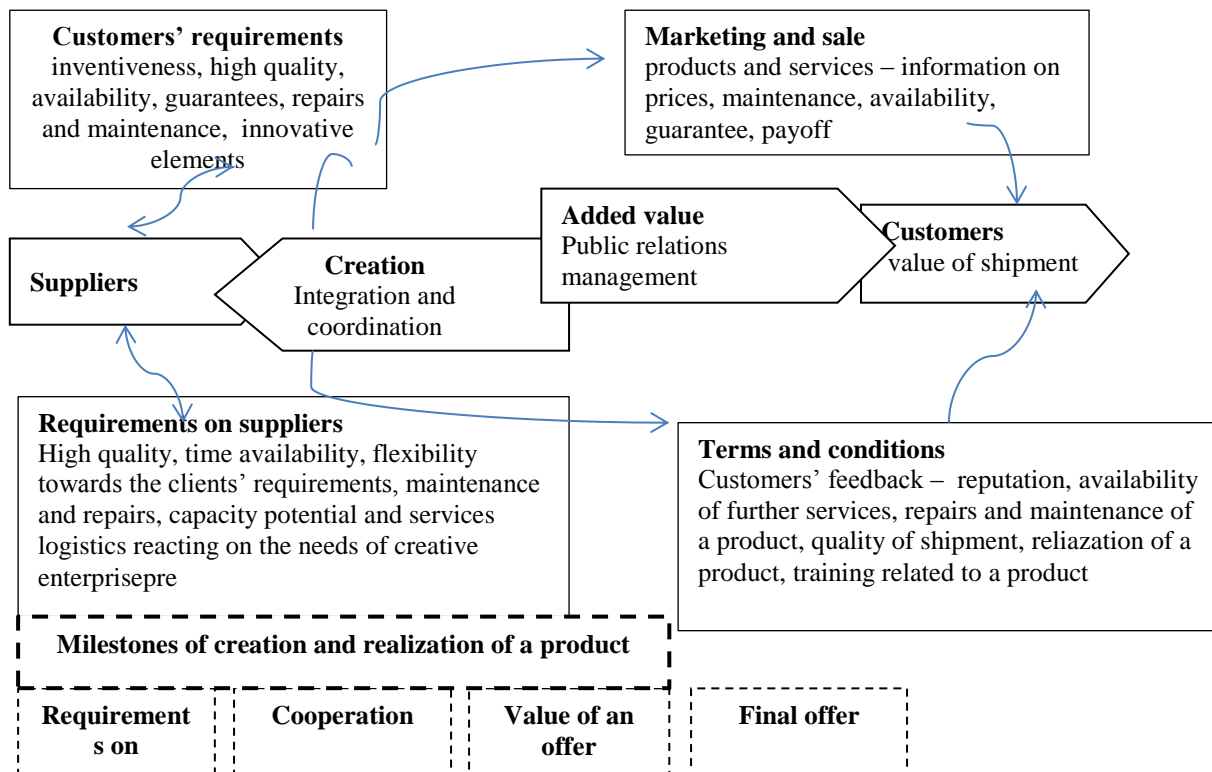


Fig. 5 Elements of value-creation chain

Source: own processing based on the results of the questionnaire research

The primary research results provided in a compact shape in the previous parts of the paper make it quite obvious why the creative industries concept is considered important, and not only because of its contribution to economic growth. It is also apparent that the networking of local as well as regional enterprises takes place, too. However, the representatives of creative industries state that their activities are self-financed and they lack some form of support or help from the state. For the programming period 2014-2020, there is a proposal for the support into this sector, shown in Table 5.

Tab. 5 Proposed objectives and measures of support policy aimed at garden architecture (a creative industry) in the programming period 2014-2020

Abbreviation	Thematic objectives	Classification
TO 1	Support for research, technological development and innovations	1*, 3*
TO 2	Improved access to information and communication technologies, improvement of their use and quality	2*
TO 3	Enhanced competitiveness of small and medium enterprises, agriculture (in case of EAFRD) and fishery and aquaculture (in case of EMFF)	1*, 2*
TO 4	Support for transition to low-carbon economy in all sectors	
TO 5	Support for adaptation to climate changes, risk prevention and management	2*
TO 6	Preservation and protection of environment and support for effective use of resources	2*
TO 7	Support for sustainable transportation and destroying barriers in key network infrastructure	
TO 8	Support for sustainability, mobility and quality of employment of workforce	1*
TO 9	Support for social inclusion, fight against poverty and any kind of discrimination	1*
TO 10	Investments into education, professional training of skills and lifelong education	3*
TO 11	Strengthening of institutional capacities of public administration bodies and other concerned subjects and public administration efficiency	

Explanatory notes:

1* research and innovations support

2* entrepreneurship support

3* support of qualification

Source: own processing based on the document Partnership Agreement of the SR for the years 2014 – 2020

The proposed objective and measures of the garden architecture support policy have been classified by the authors according to the example from the Great Britain, quoted in the document Partnership Agreement of the SR for the years 2014 – 2020. In the Great Britain, there are several important institutions dealing with the support for creative and cultural industries, belonging to the most developed ones.

4 Conclusion

The current public policy in the Slovak Republic has not accepted the multiplying effect benefits of garden architecture products and services implementation. Garden architecture as a creative industry has reached an important position in the region. The primary research showed that the subject, the scope of activity and the structure of employees is closely related to the number of created jobs. Generally, conditions needed for development of cultural and creative sector are unfavourable. One of the possible solutions is to find a way that could quantify real effect of these sectors to economic growth.

That is why we enclose the **proposed indicators to create creativity in regional economy** in the conclusion of the paper: increase in the number of creative personalities (artists, architects) living or working in a region; number of jobs created in the creative and cultural industries; number of jobs created in other sectors in a region; number of job created with respect to social inclusion; increase in the number of tourists in a region; increase in the number of organized events with respect to the use of the creative and cultural industries; number of partnerships in a region.

References

FRANKOVÁ, E. 2011. *Kreativita a inovace*. Grada Publishing, a.s.,: ISBN 978-80-247-3317-3254 p.

HKU 2010. *Podnikateľský rozmer kultúrneho a kreatívneho priemyslu*, : Available on:

<https://www.google.sk/webhp?sourceid=chrome-instant&ion=1&espv=2&ie=UTF-8#q=podnikate%C4%Besk%C3%BD%20rozmer%20kult%C3%BArneho%20a%20kreat%C3%ADvneho%20priemyslu>

Košice 2020, *Kreatívna Ekonomika Master Plán 2013 – 2015*, Available on:
http://www.kosice2013.sk/wpcontent/uploads/downloads/2014/08/masterplansk_web1.pdf

Partnership Agreement of the SR for the years 2014 – 2020, Available on:
https://www.google.sk/webhp?sourceid=chromeinstant&rlz=1C1GTPM_skSK551SK551&ion=1&espv=2&ie=UTF8#q=partnersk%C3%A1%20dohoda%20pre%20sr%20na%20roky%202014%20a%20C5%BE%202020

EUROPEAN COMMISSION, Brussels, 6 October, 2010, KOM(2010) 553 final, *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Regional Policy contributing to smart growth in Europe 2020*

SEK(2010) 1183, Available on:
<http://register.consilium.europa.eu/doc/srv?l=SK&f=ST%2014679%202010%20INIT>

The paper has been prepared within the grant provided by the Slovak Research and Development Agency under the agreement no APVV-0101-10.